

# HOUSE BILL REPORT

## ESSB 5371

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### As Reported by House Committee On: Health Care & Wellness

**Title:** An act relating to guaranteed issue health insurance for persons under age nineteen.

**Brief Description:** Addressing the needs for health insurance coverage for persons under age nineteen.

**Sponsors:** Senate Committee on Health & Long-Term Care (originally sponsored by Senators Keiser and Conway).

#### **Brief History:**

##### **Committee Activity:**

Health Care & Wellness: 3/17/11, 3/21/11 [DP].

#### **Brief Summary of Engrossed Substitute Bill**

- Requires health insurers to provide insurance coverage to persons under the age of 19 without preexisting condition exclusions and without a health screening examination.
- Requires the Washington State Health Insurance Pool to offer health insurance to persons under the age of 19 who miss special enrollment periods and are ineligible for the federal high risk pool.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass. Signed by 9 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Bailey, Clibborn, Green, Kelley, Moeller and Van De Wege.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Hinkle, Assistant Ranking Minority Member; Harris.

**Staff:** Jim Morishima (786-7191).

#### **Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Coverage for Persons Under Age 19.

For health insurance policies issued on or after September 23, 2010, the federal Patient Protection and Affordable Care Act (PPACA) prohibits health insurers from imposing preexisting condition exclusions on persons under the age of 19. Federal rules implementing this requirement require health plans to provide coverage to any person under age 19 who applies (known as "guaranteed issue") and prohibit the use of health screening examinations.

In 2010 the Insurance Commissioner promulgated rules that provided for an open enrollment period during which health individual market insurers were required to provide insurance to persons under age 19 without completion of the Standard Health Questionnaire (a health screening examination used to determine eligibility for coverage on the individual market) or proof of insurability. The open enrollment period started November 1, 2010, and ended December 15, 2010.

The Insurance Commissioner's rules also required health insurers to offer a special open enrollment period for individuals who experienced a qualifying event; e.g., the loss of employer-sponsored insurance or the loss of Medicaid benefits. During the special enrollment period, health insurers must provide coverage to persons under age 19 without completion of the Standard Health Questionnaire or proof of insurability. The special enrollment period lasts at least 31 days from the date of the qualifying event.

### High Risk Pools.

Before purchasing insurance on the individual market, state law requires residents to complete the Standard Health Questionnaire. Based on the results, an individual may be turned down for coverage. The Washington State Health Insurance Pool (WSHIP) provides health insurance to individuals who have been rejected from the individual market for medical reasons. A WSHIP insurance plan may impose a six-month waiting period for preexisting conditions, but may not otherwise refuse to cover such conditions. Premiums for WSHIP plans must be between 110 percent and 150 percent of what the largest carriers charge for individual plans with similar benefits.

Under the PPACA, each state must establish a federally funded high risk pool or the federal government will do so on the state's behalf. Washington's federally funded high risk pool is known as the Pre-Existing Condition Insurance Plan (PECIP). To be eligible for the PECIP, which is separate from the WSHIP, a person must be a citizen of the United States (or a legal resident), be uninsured for at least six months, and have a preexisting condition or have been denied coverage. The PECIP is funded solely by federal funds and premiums; no state funds are used.

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### **Summary of Bill:**

#### Coverage for Persons Under Age 19.

A health carrier may not impose a preexisting condition exclusion, waiting period, or any other limitation on benefits or enrollment due to a preexisting condition for persons under age 19 (this does not apply to plans that are "grandfathered" under the PPACA). The Insurance Commissioner must adopt rules establishing:

- open enrollment periods during which persons under age 19 may enroll in individual health plans without a health screening or proof of insurability; and
- special enrollment periods during which persons under age 19 may, after a qualifying event, enroll in individual health plans without a health screening or proof of insurability.

The Insurance Commissioner must monitor the sale of individual health benefit plans. If a carrier refuses to sell guaranteed issue policies to persons under age 19, the Insurance Commissioner may levy fines or suspend or revoke a certificate of authority.

#### High Risk Pools.

Persons under age 19 are eligible for the WSHIP if they do not have access to individual plan open enrollment or special enrollment and are ineligible for the PECIP at the time of coverage. The WSHIP may not impose any preexisting condition waiting periods for any person under age 19.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

#### **Staff Summary of Public Testimony:**

(In support) Thousands of children receive health coverage through the private health insurance market. The federal PPACA requires children to be insured regardless of preexisting conditions. This bill was negotiated with health insurers in response to their concerns about adverse selection. The bill strengthens the private insurance market by providing clear guidelines for consumers seeking to cover their children on the private market. The bill makes sure that coverage is available for children regardless of age, health, or other limiting factors. The open and special enrollment periods will provide children access to the market and through the WSHIP when all else fails. The bill puts Washington in compliance with federal law and gives the Insurance Commissioner the tools needed for effective oversight.

(Opposed) None.

**Persons Testifying:** Senator Keiser, prime sponsor; and Jen Estroff, Children's Alliance.

**Persons Signed In To Testify But Not Testifying:** None.